

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6680**

**BILL NUMBER:** SB 262

**NOTE PREPARED:** Feb 2, 2010

**BILL AMENDED:** Jan 28, 2010

**SUBJECT:** Tax on Telecasts of Boxing and Other Events.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:** Rep. Goodin

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) *Pay-Per-View Tax*- The bill reduces the tax from 5% to 3% of the gross receipts received from providing a professional public boxing, sparring, or unarmed combat match or exhibition for viewing in Indiana on a closed circuit telecast, pay-per-view telecast, or subscription television. The bill limits the pay-per-view tax to \$50,000 for each contract.

*General Fund Revenue*- The bill provides that interest earned on the Athletic Commission Fund (ACF) be deposited in the state General Fund (GF). The bill provides that revenue from the tax must be deposited in the state GF.

*Augmentation to the ACF*- The bill permits the Budget Agency to augment appropriations from the ACF to the Gaming Commission to regulate boxing, sparring, unarmed combat, and any other form of mixed martial arts.

*Complimentary Admissions*- The bill provides that the Athletic Commission (AC) may waive the tax on complimentary admissions for actual attendance to a match or exhibition.

*Exemption Deletion*- The bill deletes the exemption for showings at a private residence.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) *Pay-Per-View Tax*- This provision will have an indeterminable

impact on state revenue collections. Although the tax is being reduced by 2%, the amount of event revenue generated by the tax is anticipated to be larger in future years due to the addition of mixed martial arts events. Any additional revenue collected from mixed martial arts telecasts would depend on the number of exhibitions held and the ability of the state to enforce the payment of the tax on out-of-state promoters. The reduction in the pay-per-view tax rate would, however, reduce the amount of revenue from pay-per-view boxing sales.

(Revised) *General Fund Revenue*- Interest on the balance of invested monies in the ACF and revenue generated by the pay-per-view tax would be deposited into the state General Fund.

(Revised) *Background*- The Indiana Athletic Commission was created and placed under the Gaming Commission by P.L. 160-2009. The Athletic Commission began enforcement on mixed martial arts events beginning December 1, 2009. The first mixed martial arts event in Indiana to be regulated and taxed (HFC2 or Hoosier Fight Club 2) was held on January 2, 2010, at the Horseshoe Casino in Hammond, Indiana. HFC1 was held in Indiana on November 20, 2009, in Valparaiso, Indiana.

Prior to the passage of P.L. 160-2009, the tax was 5% on the viewing of any boxing or sparring match shown on closed circuit television, pay-per-view telecast, or subscription television. The tax was charged to any person, club, corporation, firm, or association holding or showing the boxing or sparring match. The bill changes the taxpayer to the promoter of the event. The promoter is defined in the bill as the person that *primarily* is responsible for promoting, organizing, and producing a professional boxing, sparring, mixed martial arts, or wrestling event. A promoter would not be a hotel or casino, unless no other person is primarily responsible for promoting, organizing, and producing the event.

P.L. 160-2009 added unarmed combat matches such as wrestling to the tax base. This bill adds the mixed martial arts events to the tax base.

*Recent Revenue History*- Prior to P.L. 160-2009, the now-defunct Boxing Commission placed all revenue from both the admission taxes (currently 5% and unchanged by this proposal) and the pay-per-view tax into one account without distinguishing the source of the revenue. Revenue from these taxes was deposited into the state General Fund. Under P.L. 160-2009, the revenue is currently authorized to be placed in the Athletic Commission Fund. The following table shows a recent history of tax collections.

Tax Revenue History	
Fiscal Year	Revenue Collected*
2006	\$15,074
2007	\$9,285
2008	\$5,581
2009	\$5,198
2010	\$329**
*Rounded up to the nearest dollar.	
**Revenue received July 2009 from the final boxing event regulated by the Boxing Commission, prior to its expiration.	

*UFC Pay-Per-View Tax Revenue Estimate-* On average, there have been 11-12 Ultimate Fight Championship (UFC) pay-per-view events per year since CY 2006. Based on the number of pay-per-view purchases that mmapayout.com has estimated to have occurred over those years, Indiana may have had an average of 122,300 pay-per-view purchases. Recent average fees for pay-per-view purchases are about \$44.98. If the fee were applied to average purchases and then multiplied by the proposed tax rate, the tax could generate \$165,000 per year on UFC pay-per-view events alone. Revenue projections are subject to the ability to enforce the tax on out-of-state promoters and the number of UFC events scheduled in the future.

Other Events- The mixed martial arts event, HFC2, scheduled for January 2, 2010, had ticket prices ranging from \$35 to \$200.

There are three additional mixed martial arts events scheduled according to the Athletic Commission.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Athletic Commission; State Budget Agency.

**Local Agencies Affected:**

**Information Sources:** Indiana Athletic Commission; Professional Licensing Agency; State Budget Agency; Auditor's Revenue Database; [www.mmapayout.com](http://www.mmapayout.com); [www.hoosierfightclub.com](http://www.hoosierfightclub.com).

**Fiscal Analyst:** Chris Baker, 317-232-9851.